

CITY OF OKOBOJI

Independent Auditor's Report
Financial Statements,
Supplemental Information
and Findings

JUNE 30, 2005

DAVID A. MASKE

Certified Public Accountant
Spencer, Iowa

CITY OF OKOBOJI

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CITY OF OKOBOJI

CITY OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
(Before January, 2005)		
Ralph R. Schneider	Mayor	December 31, 2005
Jim Delperdang	Council Member	December 31, 2007
Sharlene Eckard	Council Member	December 31, 2005
David Thoreson	Council Member	December 31, 2005
Sue Larsen	Council Member	December 31, 2005
Les Marousek	Council Member	December 31, 2007
Dennis Daly	City Administrator / Clerk	December 31, 2005
(After January, 2005)		
Ralph R. Schneider	Mayor	December 31, 2005
Jim Delperdang	Council Member	December 31, 2007
Sharlene Eckard	Council Member	December 31, 2005
David Thoreson	Council Member	December 31, 2005
Sue Larsen	Council Member	December 31, 2005
Les Marousek	Council Member	December 31, 2007
Dennis Daly	City Administrator / Clerk	December 31, 2006

DAVID A. MASKE

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Okoboji
Okoboji, Iowa

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Okoboji, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits, contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

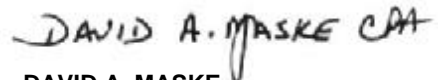
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Okoboji, as of June 30, 2005 and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated September 23, 2005 on my consideration of the City of Okoboji's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 5 and 13 are not required parts of the basic financial statements, but are supplementary information required by the governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Okoboji's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applies in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.


DAVID A. MASKE
Certified Public Accountant

September 23, 2005
Spencer, Iowa

CITY OF OKOBOJI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

The City of Okoboji provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- Receipts of the City-wide activities decreased 16.7%, or approximately \$408,560 from fiscal 2004 to fiscal 2005.
- Disbursements decreased 18.8%, or approximately \$484,230 in fiscal 2005 from fiscal 2004.
- The City's total cash basis net assets decreased 5.0%, or approximately \$76,800 from June 30, 2004 to June 30, 2005.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The City's Financial Statement consists of a Statement of Receipts, Disbursements and Cash Balances. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the City's funds.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Receipts, Disbursements and Changes in Cash Balances reports information which helps answer this question.

The Statement of Receipts, Disbursements and Changes in Cash Balances presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, and 3) the Debt Service Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the Water Fund and Sanitation Fund considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from \$1,183,396 to \$1,171,928. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
Receipts and Transfers:		
General Receipts		
Property Tax.....	\$ 752,071	\$ 682,268
Special Assessments.....	1,856	22,266
Tax Increment Financing Collections.....	324,043	260,566
Local Option Sales Tax.....	151,565	133,407
Hotel - Motel Tax.....	200,382	214,074
Intergovernmental.....	76,800	76,078
Charges for Services.....	16,886	-0-
Use of Money and Property.....	6,661	5,552
Licenses and Permits.....	9,928	16,183
Other General Receipts.....	51,941	60,004
Sale of Assets.....	112,500	-0-
Bond Proceeds.....	-0-	599,710
Net Transfers.....	79,679	11,000
Total Receipts and Transfers	<u>\$ 1,784,312</u>	<u>\$ 2,081,108</u>
Disbursements:		
Public Safety.....	\$ 253,819	\$ 216,384
Public Works.....	443,906	152,108
Culture and Recreation.....	18,345	17,132
Community and Economic Development.....	188,613	150,192
General Government.....	370,559	322,433
Debt Service.....	435,825	1,372,440
Capital Projects.....	84,713	24,587
Total Disbursements	<u>\$ 1,795,780</u>	<u>\$ 2,255,276</u>
Increase (Decrease) in Cash Basis Net Assets	\$ (11,468)	\$ (174,168)
Cash Basis Net Assets - Beginning of Year	<u>1,183,396</u>	<u>1,357,564</u>
Cash Basis Net Assets - End of Year	<u>\$ 1,171,928</u>	<u>\$ 1,183,396</u>

Changes in Cash Basis Net Assets of Business Type Activities

Receipts:			
Operating Receipts:			
Water	\$ 210,073	\$ 218,689	
Sanitation	18,929	122,217	
Interest	1,294	1,156	
Total	<u>\$ 230,296</u>	<u>\$ 342,062</u>	
Disbursements:			
Operating Disbursements:			
Water	\$ 215,950	\$ 210,139	
Sanitation	-0-	99,227	
Net Transfers Out.....	79,679	11,000	
Total	<u>\$ 295,629</u>	<u>\$ 320,366</u>	
Net Change in Cash Balance	\$ (65,333)	\$ 21,696	
Cash Basis Net Assets - Beginning of Year	<u>345,758</u>	<u>324,062</u>	
Cash Basis Net Assets - End of Year	<u>\$ 280,425</u>	<u>\$ 345,758</u>	

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Okoboji completed the year, its governmental funds reported a combined fund balance of \$1,171,928, a decrease of \$11,468 below last year's total of \$1,183,396. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$2,589 from the prior year to \$372,440.
- The Road Use Tax Fund cash balance decreased by \$24,149 to \$138,567 during the fiscal year.
- The Urban Renewal Tax Increment Fund cash balance increased by \$88,200 to \$446,804 during the year.
- The Debt Service Fund cash balance increased by \$10,654 to \$4,748 during the year.
- The Capital Projects Fund cash balance decreased \$88,762 to \$209,369 during the year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased by \$7,583 to \$280,425.
- The Sanitation Fund cash balance decreased by \$57,750 to \$ -0-.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The City had sufficient cash balances to absorb these additional costs.

DEBT ADMINISTRATION

A comparison of the City's debt at June 30, 2005 to June 30, 2004 follows:

	<u>Year ended June 30,</u>	
	<u>2005</u>	<u>2004</u>
G.O. Bonds and Notes	\$ 1,490,000	\$ 1,760,000
TIF Notes	910,000	965,000
Total	<u>\$ 2,400,000</u>	<u>\$ 2,725,000</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dennis Daly, City Clerk, Okoboji, Iowa.

BASIC FINANCIAL STATEMENTS

City of Okoboji
Statement of Activities and Net Assets - Cash Basis
For the Year Ended June 30, 2005

	Disbursements	<u>-----Program Receipts-----</u>		<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Assets-----</u>		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions / Programs:						
Government Activities:						
Public Safety	\$ 317,878	\$ -0-	\$ 1,464	\$ (316,414)	\$ -0-	\$ (316,414)
Public Works	379,847	16,886	70,020	(292,941)	-0-	(292,941)
Culture and Recreation.....	18,345	-0-	-0-	(18,345)	-0-	(18,345)
Community and Economic Development.....	188,613	-0-	-0-	(188,613)	-0-	(188,613)
General Government.....	370,559	9,928	12,682	(347,949)	-0-	(347,949)
Debt Service.....	435,825	-0-	4,500	(431,325)	-0-	(431,325)
Capital Projects	84,713	-0-	1,856	(82,857)	-0-	(82,857)
Total Governmental Activities	<u>\$ 1,795,780</u>	<u>\$ 26,814</u>	<u>\$ 90,522</u>	<u>\$ (1,678,444)</u>	<u>\$ -0-</u>	<u>\$ (1,678,444)</u>
Business Type Activities:						
Water	\$ 215,950	\$ 210,073	\$ 1,294	\$ -0-	\$ (4,583)	\$ (4,583)
Sanitation	-0-	18,929	-0-	-0-	18,929	18,929
Total Business Type Activities	<u>\$ 215,950</u>	<u>\$ 229,002</u>	<u>\$ 1,294</u>	<u>\$ -0-</u>	<u>\$ 14,346</u>	<u>\$ 14,346</u>
Total	<u>\$ 2,011,730</u>	<u>\$ 255,816</u>	<u>\$ 91,816</u>	<u>\$ (1,678,444)</u>	<u>\$ 14,346</u>	<u>\$ (1,664,098)</u>
General Receipts:						
Property Tax Levied For:						
General Purposes				\$ 420,613	\$ -0-	\$ 420,613
Tax Increment Financing				324,043	-0-	324,043
Debt Service.....				331,458	-0-	331,458
Local Option Sales Tax				151,565	-0-	151,565
Hotel-Motel Tax.....				200,382	-0-	200,382
Grants and Contributions Not Restricted to Specific Purpose.....				5,316	-0-	5,316
Unrestricted Interest on Investments.....				6,661	-0-	6,661
Miscellaneous				112,500	-0-	112,500
Sale of Assets				34,759	-0-	34,759
Transfers				79,679	(79,679)	-0-
Total General Receipts and Transfers				<u>\$ 1,666,976</u>	<u>\$ (79,679)</u>	<u>\$ 1,587,297</u>
Change in Cash Basis Net Assets				\$ (11,468)	\$ (65,333)	\$ (76,801)
Cash Basis Net Assets – Beginning of Year				<u>1,183,396</u>	<u>345,758</u>	<u>1,529,154</u>
Cash Basis Net Assets – End of Year				<u>\$ 1,171,928</u>	<u>\$ 280,425</u>	<u>\$ 1,452,353</u>
Cash Basis Net Assets						
Restricted:						
Urban Renewal Purpose.....				\$ 446,804	\$ -0-	\$ 446,804
Other Purposes				352,684	-0-	352,684
Unrestricted.....				372,440	280,425	652,865
Total Cash Basis Net Assets				<u>\$ 1,171,928</u>	<u>\$ 280,425</u>	<u>\$ 1,452,353</u>

City of Okoboji
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds
For the Year Ended June 30, 2005

	-----Special Revenue-----				Other Nonmajor	
	General	Road Use	Urban Renewal	Debt	Governmental	Total
		Tax	Tax Increment	Service	Funds	
Receipts:						
Property Tax	\$ 413,246	\$ -0-	\$ -0-	\$ 327,770	\$ -0-	\$ 741,016
Tax Increment Financing Collections	-0-	-0-	324,043	-0-	-0-	324,043
Other City Tax	207,749	-0-	-0-	3,688	151,565	363,002
Licenses and Permits	9,928	-0-	-0-	-0-	-0-	9,928
Use of Money and Property	6,661	-0-	-0-	-0-	-0-	6,661
Intergovernmental	8,620	68,180	-0-	-0-	-0-	76,800
Charges for Services	16,886	-0-	-0-	-0-	-0-	16,886
Special Assessments	-0-	-0-	-0-	-0-	1,856	1,856
Miscellaneous	47,441	-0-	-0-	4,500	-0-	51,941
Total Receipts	\$ 710,531	\$ 68,180	\$ 324,043	\$ 335,958	\$ 153,421	\$ 1,592,133
Disbursements:						
Operating:						
Public Safety	\$ 317,878	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 317,878
Public Works	156,290	92,329	131,228	-0-	-0-	379,847
Culture and Recreation	18,345	-0-	-0-	-0-	-0-	18,345
Community and Economic Development	188,613	-0-	-0-	-0-	-0-	188,613
General Government	370,559	-0-	-0-	-0-	-0-	370,559
Debt Service	-0-	-0-	104,615	331,210	-0-	435,825
Capital Projects	-0-	-0-	-0-	-0-	84,713	84,713
Total Disbursements	\$ 1,051,685	\$ 92,329	\$ 235,843	\$ 331,210	\$ 84,713	\$ 1,795,780
Excess (Deficiency) of Receipts over Disbursements	\$ (341,154)	\$ (24,149)	\$ 88,200	\$ 4,748	\$ 68,708	\$ (203,647)
Other Financing Sources (Uses):						
Operating Transfers In	\$ 231,243	\$ -0-	\$ -0-	\$ 5,906	\$ -0-	\$ 237,149
Operating Transfers Out	-0-	-0-	-0-	-0-	(157,470)	(157,470)
Sale of Assets	112,500	-0-	-0-	-0-	-0-	112,500
Total Other Financing Sources (Uses)	\$ 343,743	\$ -0-	\$ -0-	\$ 5,906	\$ (157,470)	\$ 192,179
Net Change in Cash Balances	\$ 2,589	\$ (24,149)	\$ 88,200	\$ 10,654	\$ (88,762)	\$ (11,468)
Cash Balances – Beginning of Year	369,851	162,716	358,604	(5,906)	298,131	1,183,396
Cash Balances – End of Year	\$ 372,440	\$ 138,567	\$ 446,804	\$ 4,748	\$ 209,369	\$ 1,171,928
Cash Basis Fund Balances:						
Reserved:						
Debt Service	\$ -0-	\$ -0-	\$ -0-	\$ 4,748	\$ -0-	\$ 4,748
Unreserved:						
General Fund	372,440	-0-	-0-	-0-	-0-	372,440
Special Revenue Fund	-0-	138,567	446,804	-0-	-0-	585,371
Capital Projects Fund	-0-	-0-	-0-	-0-	209,369	209,369
Total Cash Basis Net Assets	\$ 372,440	\$ 138,567	\$ 446,804	\$ 4,748	\$ 209,369	\$ 1,171,928

City of Okoboji
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds
For the Year Ended June 30, 2005

	Water	Sanitation	Total
Operating Receipts:			
Charges for Services	\$ 191,707	\$ 18,300	\$ 210,007
Sales Tax	12,060	629	12,689
Deposits	1,350	-0-	1,350
Miscellaneous.....	<u>4,956</u>	<u>-0-</u>	<u>4,956</u>
Total Operating Receipts	<u>\$ 210,073</u>	<u>\$ 18,929</u>	<u>\$ 229,002</u>
Operating Disbursements:			
Business Type Activities:			
Personal Services.....	\$ 59,867	\$ -0-	\$ 59,867
Contractual Services.....	1,500	-0-	1,500
Services and Commodities	140,458	-0-	140,458
Sales Tax.....	12,875	-0-	12,875
Deposit Refund	<u>1,250</u>	<u>-0-</u>	<u>1,250</u>
Total Operating Disbursements	<u>\$ 215,950</u>	<u>\$ -0-</u>	<u>\$ 215,950</u>
Excess (Deficiency) of Operating Receipts Over Operating Disbursements	\$ (5,877)	\$ 18,929	\$ 13,052
Non-Operating Receipts:			
Interest on Investments	<u>1,294</u>	<u>-0-</u>	<u>1,294</u>
Excess (Deficiency) of Receipts Over Disbursements	\$ (4,583)	\$ 18,929	\$ 14,346
Operating Transfers In (Out)	<u>(3,000)</u>	<u>(76,679)</u>	<u>(79,679)</u>
Net Changes in Cash Balances	\$ (7,583)	\$ (57,750)	\$ (65,333)
Cash Balances – Beginning of Year	<u>288,008</u>	<u>57,750</u>	<u>345,758</u>
Cash Balances – End of Year	<u>\$ 280,425</u>	<u>\$ -0-</u>	<u>\$ 280,425</u>
Cash Basis Fund Balances:			
Unreserved	<u>\$ 280,425</u>	<u>\$ -0-</u>	<u>\$ 280,425</u>

CITY OF OKOBOJI
Notes to Financial Statements
June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Okoboji is a political subdivision of the State of Iowa located in Dickinson County. It was first incorporated in 1929 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, public improvements and general administrative services. The City also provides water and sanitation utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, City of Okoboji has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City of Okoboji has no component units.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sanitation Fund accounts for the operation and maintenance of the City's solid waste.

C. Measurement Focus and Basis of Accounting

The City of Okoboji maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the debt service, public works, and community and economic development functions.

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS:

The City's deposits at June 30, 2005 were entirely covered by Federal depository insurance, or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments at June 30, 2005; however the City's time deposits were as follows:

Certificates of Deposit	\$ <u>267,880</u>
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NOTE 3 - BONDS AND NOTES PAYABLE:

Annual debt service requirements to maturity for the City bonds and notes are as follows:

<u>YEAR ENDING JUNE 30</u>	<u>GENERAL OBLIGATION BONDS</u>		<u>TAX INCREMENT FINANCING BOND</u>		<u>TOTAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2006	\$ 280,000	\$ 54,576	\$ 60,000	\$ 47,231	\$ 340,000	\$ 101,807
2007	295,000	47,516	60,000	44,511	355,000	92,027
2008	205,000	39,171	65,000	41,691	270,000	80,862
2009	125,000	32,108	70,000	38,614	195,000	70,722
2010	125,000	26,911	70,000	35,253	195,000	62,164
2011	315,000	21,504	80,000	31,876	395,000	53,380
2012	105,000	5,998	80,000	27,976	185,000	33,974
2013	40,000	1,540	45,000	24,016	85,000	25,556
2014	-0-	-0-	45,000	21,586	45,000	21,586
2015	-0-	-0-	50,000	19,110	50,000	19,110
2016	-0-	-0-	50,000	16,310	50,000	16,310
2017	-0-	-0-	55,000	13,486	55,000	13,486
2018	-0-	-0-	55,000	10,350	55,000	10,350
2019	-0-	-0-	60,000	7,188	60,000	7,188
2020	-0-	-0-	65,000	3,738	65,000	3,738
Total	<u>\$ 1,490,000</u>	<u>\$ 229,324</u>	<u>\$ 910,000</u>	<u>\$ 382,936</u>	<u>\$ 2,400,000</u>	<u>\$ 612,260</u>

NOTE 4 - PENSION AND RETIREMENT BENEFITS:

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 5.93% and 8.90%, respectively. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$23,044, \$21,838, and \$21,240, respectively, equal to the required contributions for each year.

NOTE 5 - COMPENSATED ABSENCES:

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2005 is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	<u>\$ 5,483</u>

This liability has been computed based on rates of pay as of June 30, 2005.

As sick leave is not payable upon termination, retirement or death, the minimum accumulated sick leave is not presented as part of these financial statements.

NOTE 6 - RISK MANAGEMENT:

The City of Okoboji is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2005, is as follows:

<u>Transfer to:</u>	<u>Transfer from:</u>	<u>Amount</u>
Equipment Revolving	Proprietary: Water	\$ <u>3,000</u>
General	Proprietary: Sanitation	\$ <u>76,679</u>
Debt service	Capital Projects	\$ <u>5,906</u>
General	Local Option Sales Tax	\$ <u>151,565</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Okoboji
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances-
 Budget and Actual (Cash Basis)- All Governmental Funds and Proprietary Fund

Required Supplementary Information
 Year Ended June 30, 2005

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds Not Required to be Budgeted	Net	-----Budgeted Amounts-----		Final to Net Variance
					Original	Final	
Receipts:							
Property Tax.....	\$ 741,016	\$ -0-	\$ -0-	\$ 741,016	\$ 737,962	\$ 737,962	\$ 3,054
Tax Increment Financing Collections.....	324,043	-0-	-0-	324,043	300,000	320,000	4,043
Other City Tax.....	363,002	-0-	-0-	363,002	363,076	363,076	(74)
Licenses and Permits.....	9,928	-0-	-0-	9,928	9,350	9,350	578
Use of Money and Property	6,661	1,294	-0-	7,955	17,682	17,682	(9,727)
Intergovernmental	76,800	-0-	-0-	76,800	69,470	69,470	7,330
Charges for Service	16,886	229,002	-0-	245,888	359,050	255,930	(10,042)
Special Assessments.....	1,856	-0-	-0-	1,856	-0-	-0-	1,856
Miscellaneous	51,941	-0-	-0-	51,941	19,550	132,050	(80,109)
Total Receipts	<u>\$ 1,592,133</u>	<u>\$ 230,296</u>	<u>\$ -0-</u>	<u>\$ 1,822,429</u>	<u>\$ 1,876,140</u>	<u>\$ 1,905,520</u>	<u>\$ (83,091)</u>
Disbursements:							
Public Safety	\$ 317,878	\$ -0-	\$ -0-	\$ 317,878	\$ 261,884	\$ 279,000	\$ (38,878)
Public Works	379,847	-0-	-0-	379,847	348,993	415,685	35,838
Culture and Recreation	18,345	-0-	-0-	18,345	21,100	21,100	2,755
Community and Economic Development.....	188,613	-0-	-0-	188,613	158,004	182,330	(6,283)
General Government.....	370,559	-0-	-0-	370,559	339,861	387,500	16,941
Capital Projects	84,713	-0-	-0-	84,713	425,000	425,000	340,287
Debt Service.....	435,825	-0-	-0-	435,825	333,860	333,860	(101,965)
Business Type Activities.....	-0-	215,950	-0-	215,950	343,159	227,967	12,017
Total Disbursements	<u>\$ 1,795,780</u>	<u>\$ 215,950</u>	<u>\$ -0-</u>	<u>\$ 2,011,730</u>	<u>\$ 2,231,861</u>	<u>\$ 2,272,442</u>	<u>\$ 260,712</u>
Excess (Deficiency) of Receipts Over Disbursements	\$ (203,647)	\$ 14,346	\$ -0-	\$ (189,301)	\$ (355,721)	\$ (366,922)	<u>\$ 177,621</u>
Other Financing Sources, Net	<u>192,179</u>	<u>(79,679)</u>	<u>-0-</u>	<u>112,500</u>	<u>-0-</u>	<u>-0-</u>	
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Sources	\$ (11,468)	\$ (65,333)	\$ -0-	\$ (76,801)	\$ (355,721)	\$ (366,922)	
Balances – Beginning of Year	<u>1,183,396</u>	<u>345,758</u>	<u>-0-</u>	<u>1,529,154</u>	<u>1,357,747</u>	<u>1,357,747</u>	
Balances – End of Year	<u>\$ 1,171,928</u>	<u>\$ 280,425</u>	<u>\$ -0-</u>	<u>\$ 1,452,353</u>	<u>\$ 1,002,026</u>	<u>\$ 990,825</u>	

See accompanying independent auditor's report.

City of Okoboji

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, budget amendments decreased budgeted disbursements by \$40,581. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the Debt Service, Public Safety, and Community and Economic Development functions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF OKOBOJI
Statement of Cash Receipts, Disbursements and
Changes in Cash Balances

Nonmajor Governmental Funds
Year Ended June 30, 2005

	Local Option Sales Tax	Capital Projects	Total
Receipts:			
Other City Tax	\$ 151,565	\$ -0-	\$ 151,565
Special Assessments	<u>-0-</u>	<u>1,856</u>	<u>1,856</u>
Total Receipts	\$ 151,565	\$ 1,856	\$ 153,421
Disbursements:			
Capital Projects	<u>-0-</u>	<u>84,713</u>	<u>84,713</u>
Excess (Deficiency) of Receipts Over Disbursements	\$ 151,565	\$ (82,857)	\$ 68,708
Other Financing Sources (Uses):			
Transfers In (Out)	<u>(151,565)</u>	<u>(5,905)</u>	<u>(157,470)</u>
Net Changes in Cash Balances	\$ -0-	\$ (88,762)	\$ (88,762)
Cash Balances – Beginning of Year	<u>-0-</u>	<u>298,131</u>	<u>298,131</u>
Cash Balances – End of Year	<u><u>\$ -0-</u></u>	<u><u>\$ 209,369</u></u>	<u><u>\$ 209,369</u></u>
Cash Basis Fund Balances:			
Unreserved:			
General Fund	\$ -0-	\$ -0-	\$ -0-
Special Revenue Funds	-0-	-0-	-0-
Capital Project Fund	<u>-0-</u>	<u>209,369</u>	<u>209,369</u>
Total Cash Basis Fund Balances	<u><u>\$ -0-</u></u>	<u><u>\$ 209,369</u></u>	<u><u>\$ 209,369</u></u>

See accompanying independent auditor's report.

CITY OF OKOBOJISTATEMENT OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2005**GENERAL OBLIGATION INDEBTEDNESS**

	TIF PROJECT	TIF PROJECT	SANITARY SANITATION & WATER PROJECT	CAPITAL LOAN NOTE	CAPITAL PROJECTS	CAPITAL LOAN NOTE	CAPITAL PROJECT BOND	TOTAL
GENERAL CORPORATE PURPOSE								
ISSUE DATE	08/01/00	04/01/02	06/01/99	08/01/00	04/01/02	09/10/02	05/01/04	
INTEREST RATES	5.30%-5.75%	3.0%-4.55%	4.25%-4.50%	5.30%	3.0%-4.55%	1.60% - 3.85%	1.48% - 2.50%	
AMOUNT ORIGINALLY ISSUED	<u>\$ 765,000</u>	<u>\$ 325,000</u>	<u>\$ 200,000</u>	<u>\$ 310,000</u>	<u>\$ 525,000</u>	<u>\$ 350,000</u>	<u>\$ 600,000</u>	
Balance - Beginning of Year	\$ 690,000	\$ 275,000	\$ 100,000	\$ 300,000	\$ 440,000	\$ 320,000	\$ 600,000	\$ 2,725,000
Issued	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Redeemed	<u>(25,000)</u>	<u>(30,000)</u>	<u>(20,000)</u>	<u>(5,000)</u>	<u>(45,000)</u>	<u>(30,000)</u>	<u>(170,000)</u>	<u>(325,000)</u>
BALANCE - END OF YEAR	<u>\$ 665,000</u>	<u>\$ 245,000</u>	<u>\$ 80,000</u>	<u>\$ 295,000</u>	<u>\$ 395,000</u>	<u>\$ 290,000</u>	<u>\$ 430,000</u>	<u>\$ 2,400,000</u>
INTEREST PAID	<u>\$ 39,610</u>	<u>\$ 10,185</u>	<u>\$ 4,340</u>	<u>\$ 15,900</u>	<u>\$ 18,285</u>	<u>\$ 10,155</u>	<u>\$ 5,700</u>	<u>\$ 104,175</u>
UNPAID INTEREST AT END OF YEAR	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

CITY OF OKOBOJI

BOND AND NOTE MATURITIES

June 30, 2005

GENERAL OBLIGATION BONDS AND NOTES

Year Ending <u>June 30,</u>	SANITARY SEWER AND WATER PROJECT		CAPITAL LOAN NOTES		CAPITAL PROJECT BONDS		CAPITAL LOAN NOTE		CAPITAL PROJECT BOND		TAX INCREMENT FINANCING BONDS		TAX INCREMENT FINANCING BONDS		TOTAL
	<u>ISSUED JUNE 1, 1999</u>		<u>ISSUED AUGUST 1, 2000</u>		<u>ISSUED APRIL 1, 2002</u>		<u>ISSUED SEPTEMBER 10, 2002</u>		<u>ISSUED MAY 1, 2004</u>		<u>ISSUED AUGUST 1, 2000</u>		<u>ISSUED APRIL 1, 2002</u>		
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	
2006	4.25%	\$ 20,000	5.30%	\$ 10,000	3.80%	\$ 50,000	2.40%	\$ 30,000	1.80%	\$ 170,000	5.30%	\$ 30,000	3.80%	\$ 30,000	\$ 340,000
2007	4.30%	20,000	5.30%	10,000	4.10%	50,000	2.70%	35,000	2.20%	180,000	5.30%	30,000	4.10%	30,000	355,000
2008	4.40%	20,000	5.30%	15,000	4.25%	55,000	3.00%	35,000	2.50%	80,000	5.30%	30,000	4.25%	35,000	270,000
2009	4.50%	20,000	5.30%	15,000	4.30%	55,000	3.25%	35,000	-0-	-0-	5.30%	35,000	4.30%	35,000	195,000
2010	-0-	-0-	5.30%	30,000	4.35%	60,000	3.45%	35,000	-0-	-0-	5.30%	35,000	4.35%	35,000	195,000
2011	-0-	-0-	5.30%	215,000	4.45%	60,000	3.60%	40,000	-0-	-0-	5.30%	40,000	4.45%	40,000	395,000
2012	-0-	-0-	-0-	-0-	4.55%	65,000	3.75%	40,000	-0-	-0-	5.35%	40,000	4.55%	40,000	185,000
2013	-0-	-0-	-0-	-0-	-0-	-0-	3.85%	40,000	-0-	-0-	5.40%	45,000	-0-	-0-	85,000
2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.50%	45,000	-0-	-0-	45,000
2015	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.60%	50,000	-0-	-0-	50,000
2016	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.65%	50,000	-0-	-0-	50,000
2017	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.70%	55,000	-0-	-0-	55,000
2018	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.75%	55,000	-0-	-0-	55,000
2019	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.75%	60,000	-0-	-0-	60,000
2020	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5.75%	65,000	-0-	-0-	65,000
TOTALS		<u>\$ 80,000</u>		<u>\$ 295,000</u>		<u>\$ 395,000</u>		<u>\$ 290,000</u>		<u>\$ 430,000</u>		<u>\$ 665,000</u>		<u>\$ 245,000</u>	<u>\$ 2,400,000</u>

See accompanying independent auditor's report.

CITY OF OKOBOJI
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS

FOR THE LAST FOUR YEARS

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Receipts:				
Property Tax	\$ 741,016	\$ 670,899	\$ 636,218	\$ 569,939
Tax Increment Financing Collections	324,043	260,566	224,741	134,914
Other City Tax	363,002	358,850	366,651	356,348
Licenses and Permits	9,928	16,183	5,454	6,085
Use of Money and Property	6,661	5,552	27,907	43,618
Intergovernmental	76,800	76,078	95,643	100,099
Charges for Services	16,886	-0-	-0-	-0-
Special Assessments	1,856	22,266	45,629	50,385
Miscellaneous	51,941	60,004	94,044	101,143
Sale of Assets	<u>112,500</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 1,704,633</u>	<u>\$ 1,470,398</u>	<u>\$ 1,496,287</u>	<u>\$ 1,362,531</u>
Disbursements:				
Operating:				
Public Safety	\$ 253,819	\$ 216,384	\$ 262,643	\$ 284,300
Public Works	443,906	152,108	210,582	291,221
Culture and Recreation	18,345	17,132	63,718	73,821
Community and Economic Development	188,613	150,192	69,250	114,000
General Government	370,559	322,433	303,440	293,758
Debt Service	435,825	1,327,440	403,392	297,085
Capital Projects	<u>84,713</u>	<u>24,587</u>	<u>1,063,292</u>	<u>446,219</u>
Total	<u>\$ 1,795,780</u>	<u>\$ 2,210,276</u>	<u>\$ 2,376,317</u>	<u>\$ 1,800,404</u>

See accompanying independent auditor's report.

CITY OF OKOBOJI**COMBINING SCHEDULE OF CASH TRANSACTIONS
GENERAL FUND**

YEAR ENDED JUNE 30, 2005

	OPERATING	SPECIAL IES	SPECIAL POLICE	TOURISM COMMITTEE	EQUIPMENT	TOTAL
RECEIPTS:						
Property Tax	\$ 413,246	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 413,246
Other City Tax:						
Mobile Home Tax	\$ 2,067	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,067
Hotel-Motel Tax	200,382	-0-	-0-	-0-	-0-	200,382
Utility Replacement	5,300	-0-	-0-	-0-	-0-	5,300
	<u>\$ 207,749</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 207,749</u>
Licenses and Permits:						
Beer and Liquor	\$ 475	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 475
Cigarette	562	-0-	-0-	-0-	-0-	562
Plumbers	375	-0-	-0-	-0-	-0-	375
Construction	8,516	-0-	-0-	-0-	-0-	8,516
	<u>\$ 9,928</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,928</u>
Use of Money and Property:						
Interest on Investments	\$ 2,499	\$ -0-	\$ -0-	\$ 1,363	\$ 2,799	\$ 6,661
Intergovernmental:						
Bank Franchise Tax	\$ 1,628	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,628
Liquor Licenses	3,688	-0-	-0-	-0-	-0-	3,688
Police Grants	1,464	-0-	-0-	-0-	-0-	1,464
Hazard Mitigation Grant	1,840	-0-	-0-	-0-	-0-	1,840
	<u>\$ 8,620</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>4 -0-</u>	<u>\$ -0-</u>	<u>\$ 8,620</u>
Charges for Services:						
Sanitation	\$ 16,886	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 16,886
Miscellaneous:						
Court Fines	\$ 1,905	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,905
Cable TV Franchise Fee	11,622	-0-	-0-	-0-	-0-	11,622
Reimbursements	12,597	-0-	-0-	-0-	-0-	12,597
Refunds	935	-0-	-0-	-0-	-0-	935
Zoning Fees	650	-0-	-0-	-0-	-0-	650
Miscellaneous	7,050	12,682	-0-	-0-	-0-	19,732
	<u>\$ 34,759</u>	<u>\$ 12,682</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 47,441</u>
TOTAL RECEIPTS	<u>\$ 693,687</u>	<u>\$ 12,682</u>	<u>\$ -0-</u>	<u>\$ 1,363</u>	<u>\$ 2,799</u>	<u>\$ 710,531</u>

See accompanying independent auditor's report.

CITY OF OKOBOJI
COMBINING SCHEDULE OF CASH TRANSACTIONS - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2005

	OPERATING	SPECIAL IES	SPECIAL POLICE	TOURISM COMMITTEE	EQUIPMENT	TOTAL
DISBURSEMENTS:						
Public Safety:						
Police:						
Personal Services	\$ 162,376	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 162,376
Commodities	<u>22,179</u>	<u>-0-</u>	<u>240</u>	<u>-0-</u>	<u>-0-</u>	<u>22,419</u>
	<u>\$ 184,555</u>	<u>\$ -0-</u>	<u>\$ 240</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 184,795</u>
Fire:						
Personal Services	\$ 13,395	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 13,395
Contractual Services	2,500	-0-	-0-	-0-	-0-	2,500
Commodities	37,494	-0-	-0-	-0-	-0-	37,494
Capital Outlay	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>64,059</u>	<u>64,059</u>
	<u>\$ 53,389</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 64,059</u>	<u>\$ 117,448</u>
Emergency Management	<u>\$ 820</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 820</u>
E.M.S. Services	<u>\$ 13,615</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,615</u>
Animal Control	<u>\$ 1,200</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,200</u>
	<u>\$ 253,579</u>	<u>\$ -0-</u>	<u>\$ 240</u>	<u>\$ -0-</u>	<u>\$ 64,059</u>	<u>\$ 317,878</u>
Public Works:						
Roads, Bridges and Sidewalks:						
Personal Services	\$ 66,284	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 66,284
Contractual Services	3,200	-0-	-0-	-0-	-0-	3,200
Commodities	<u>18,564</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>18,564</u>
	<u>\$ 88,048</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 88,048</u>
Sanitary Sanitation:						
Commodities	<u>\$ 13,950</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,950</u>
Street Lighting	<u>\$ 21,388</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 21,388</u>
Traffic Control	<u>\$ 9,805</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,805</u>
Garbage and Recycling:						
Commodities	<u>\$ 23,099</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 23,099</u>
	<u>\$ 156,290</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 156,290</u>

CITY OF OKOBOJI**COMBINING SCHEDULE OF CASH TRANSACTIONS - CONTINUED
GENERAL FUND**

YEAR ENDED JUNE 30, 2005

	OPERATING	SPECIAL IES	SPECIAL POLICE	TOURISM COMMITTEE	EQUIPMENT	TOTAL
DISBURSEMENTS - CONTINUED:						
Culture and Recreation:						
Library	\$ 11,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 11,000
Little League.....	600	-0-	-0-	-0-	-0-	600
Public Areas:						
Commodities.....	6,745	-0-	-0-	-0-	-0-	6,745
	<u>\$ 18,345</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 18,345</u>
Community and Economic Development:						
Tourism	\$ -0-	\$ -0-	\$ -0-	\$ 106,500	\$ -0-	\$ 106,500
Save the Park Fund.....	10,000	-0-	-0-	-0-	-0-	10,000
Lakes Art Center.....	5,000	-0-	-0-	-0-	-0-	5,000
YMCA.....	12,500	-0-	-0-	-0-	-0-	12,500
Other	54,613	-0-	-0-	-0-	-0-	54,613
	<u>\$ 82,113</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 106,500</u>	<u>\$ -0-</u>	<u>\$ 188,613</u>
General Government:						
Mayor and Council Members:						
Personal Services	\$ 10,170	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 10,170
Clerk/Treasurer:						
Personal Services	\$ 45,799	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 45,799
Commodities.....	13,907	-0-	-0-	-0-	-0-	13,907
	<u>\$ 59,706</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 59,706</u>
City Hall:						
Commodities.....	\$ 11,709	\$ 19,848	\$ -0-	\$ -0-	\$ -0-	\$ 31,557
Capital Outlay	55,000	-0-	-0-	-0-	-0-	55,000
	<u>\$ 66,709</u>	<u>\$ 19,848</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 86,557</u>
Legal & Professional:						
Contractual Services	\$ 61,296	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 61,296

CITY OF OKOBOJI**COMBINING SCHEDULE OF CASH TRANSACTIONS - CONTINUED
GENERAL FUND**

YEAR ENDED JUNE 30, 2005

	OPERATING	SPECIAL IES	SPECIAL POLICE	TOURISM COMMITTEE	EQUIPMENT	TOTAL
DISBURSEMENTS - CONTINUED:						
General Administration:						
Insurance.....	\$ 35,965	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 35,965
Payroll Taxes.....	46,956	-0-	-0-	-0-	-0-	46,956
Employee Insurance.....	69,909	-0-	-0-	-0-	-0-	69,909
	<u>\$ 152,830</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 152,830</u>
	<u>\$ 350,711</u>	<u>\$ 19,848</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 370,559</u>
 TOTAL DISBURSEMENTS	 <u>\$ 861,038</u>	 <u>\$ 19,848</u>	 <u>\$ 240</u>	 <u>\$ 106,500</u>	 <u>\$ 64,059</u>	 <u>\$ 1,051,685</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ (167,351)</u>	<u>\$ (7,166)</u>	<u>\$ (240)</u>	<u>\$ (105,137)</u>	<u>\$ (61,260)</u>	<u>\$ (341,154)</u>
OTHER FINANCING SOURCES (USES):						
Transfers In.....	\$ 228,243	\$ -0-	\$ -0-	\$ 100,717	\$ 38,000	\$ 366,960
Transfers (Out).....	(134,721)	(996)	-0-	-0-	-0-	(135,717)
Sale of Assets.....	112,500	-0-	-0-	-0-	-0-	112,500
	<u>\$ 206,022</u>	<u>\$ (996)</u>	<u>\$ -0-</u>	<u>\$ 100,717</u>	<u>\$ 38,000</u>	<u>\$ 343,743</u>
 NET	 <u>\$ 38,671</u>	 <u>\$ (8,162)</u>	 <u>\$ (240)</u>	 <u>\$ (4,420)</u>	 <u>\$ (23,260)</u>	 <u>\$ 2,589</u>
 BALANCE – BEGINNING OF YEAR	 <u>13,953</u>	 <u>37,869</u>	 <u>3,658</u>	 <u>122,599</u>	 <u>191,772</u>	 <u>369,851</u>
 BALANCE – END OF YEAR	 <u>\$ 52,624</u>	 <u>\$ 29,707</u>	 <u>\$ 3,418</u>	 <u>\$ 118,179</u>	 <u>\$ 168,512</u>	 <u>\$ 372,440</u>
CASH BASIS FUND BALANCES:						
Unreserved:						
General Fund.....	<u>\$ 52,624</u>	<u>\$ 29,707</u>	<u>\$ 3,418</u>	<u>\$ 118,179</u>	<u>\$ 168,512</u>	<u>\$ 372,440</u>

See accompanying independent auditor's report.

DAVID A. MASKE

Certified Public Accountant

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712/262-6087
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Honorable Mayor and
Members of the City Council
City of Okoboji, Iowa

I have audited the financial statements of the City of Okoboji, Iowa, as of and for the year ended June 30, 2005, and have issued my report thereon dated September 23, 2005. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Okoboji's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the City of Okoboji's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item 05-I-A is a material weakness. Prior year reportable conditions have been resolved except for item 05-I-A.

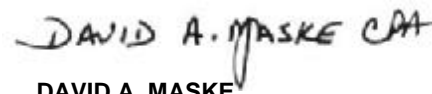
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Okoboji's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the City. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Okoboji and other parties whom the City of Okoboji may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Okoboji during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

DAVID A. MASKE CPA

DAVID A. MASKE
Certified Public Accountant

September 23, 2005

CITY OF OKOBOJI

SCHEDULE OF FINDINGS FOR THE YEAR ENDED JUNE 30, 2005

PART I - FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

05-I-A Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation – I realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response accepted.

PART II - OTHER FINDINGS RELATED TO STATUTORY REPORTING:

05-II-A Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

05-II-B Certified Budget – Disbursements during the year ended June 30, 2005 exceeded the amounts budgeted in the Debt Service, Public Works, and Community and Economic Development functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget was amended, however subsequent payments varied from expectations.

Conclusion - Response accepted.

05-II-C Questionable Disbursements – I noted no disbursements that did not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.

05-II-D Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

05-II-E Business Transactions - There were no business transactions between the City and City officials or employees noted.

05-II-F Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

05-II-G Council Minutes - No transactions were found that I believe should have been approved in the Council minutes but were not.

05-II-H Revenue Notes - The City had no revenue notes outstanding during the year.

05-II-I Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policies.